

SPECIAL COUNCIL MEETING

JANUARY 7, 2015

The Special Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Mel Rapozo at the Council Chambers, 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Wednesday, January 7, 2015 at 9:28 a.m., after which the following members answered the call of the roll:

Honorable Mason K. Chock
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Arryl Kaneshiro
Honorable KipuKai Kuali'i
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

APPROVAL OF AGENDA.

Councilmember Kagawa moved for approval of the agenda as circulated, seconded by Councilmember Hooser, and unanimously carried.

COMMUNICATION:

C 2015-22 Communication (11/21/2014) from the Vice Chair of the Salary Commission, transmitting for Council consideration, Salary Commission's Resolution No. 2014-1, Relating to the Salaries of Certain Officers and Employees of the County of Kaua'i for the Fiscal Year 2014-2016, which was adopted by the Salary Commission at its November 10, 2014 meeting.

- Salary Commission Resolution No. 2014-1

Council Chair Rapozo: At this time, I have circulated a conflict letter. Rule No. 17(a) prohibits a member to participate in the decision to appoint, employ, promote, or advance; or advocate for the appointment, employment, promotion, or advancement; in or to an appointed, non-civil service position. The Salary Resolution as presented includes the Director of the Liquor Control, which happens to be my brother, and I perceive that to be a direct conflict. In the Rules it says, "a 'relative' means an individual who is related to a public officer of the legislative branch of County government as father, mother, son, daughter, brother, sister, uncle," and so forth. I will be recusing myself at this point and turning the meeting over to Vice Chair Kagawa. Thank you. Go ahead, please.

Councilmember Hooser: I believe the Resolution or the Charter allows us to take these items ad seriatim. At the Chair's discretion, we could carve out that position and discuss the rest of them, and then you could step out for that position. If the Chair wanted to. It is my understanding that that would allow us to do that, if that is what the body and you wanted to do.

Council Chair Rapozo: I would assume technically that is okay, I just feel uncomfortable because I think it is all or none, really, I do not believe we are going down each...so, I just feel more comfortable not participating at all, simply

because of that. Any other questions as far as the recusal and not the Resolution itself?

Councilmember Yukimura: I just need a clarification on the appropriate motion on this.

Council Chair Rapozo: A motion to receive would be to accept the Resolution. The motion to reject would be to...

Councilmember Yukimura: To send it back.

Council Chair Rapozo: No. To kill it.

Councilmember Yukimura: To kill it, okay.

Council Chair Rapozo: And the motion to reject would require five (5) votes and it can be all or in parts. Therefore, an appropriate motion would be to reject the entire Resolution or you could take it in part, however you decide.

Councilmember Hooser: Question on that?

Council Chair Rapozo: Yes.

Councilmember Hooser: And a motion to receive needs four (4) votes?

Council Chair Rapozo: Correct.

Councilmember Hooser: If a motion to receive fails, it would be the equivalent of a motion to reject.

Council Chair Rapozo: No, because you require five (5) votes to reject. In order for any part of this Resolution or the Resolution in its entirety to be rejected, it requires five (5) votes.

Councilmember Hooser: So if a motion to receive fails, it would still pass?

Council Chair Rapozo: Correct. Because if you read the Charter, if there is no action of the Council, it passes. If a motion to receive would fail and a motion to reject would fail, it would be no Council action, and it would pass on its own.

Councilmember Yukimura: In the same way, a motion to defer would also be effectively accept the salary setting because it does not make the deadline, right.

Council Chair Rapozo: Right, we have a time limit on this and I believe it is sixty (60) days from the date that it was adopted by the Salary Commission. What is the date of adoption? November 10th, so we have...can somebody do the math?

Councilmember Yukimura: Yes, two (2) or three (3) more days.

Council Chair Rapozo: Did someone do the physical count of the days? The sixty (60) days? And it is what? It is January 9th, so a motion to defer would in essence allow the Resolution to pass.

Councilmember Hooser: I have another question.

Council Chair Rapozo: Go ahead.

Councilmember Hooser: Does either a motion to reject or a motion to receive have precedence over the other motion? Is there a race to see who makes the motion first?

Council Chair Rapozo: Pretty much.

Councilmember Hooser: Okay. Thank you.

Council Chair Rapozo: Any other questions? Hang on, the Chief is here. January 9th, he just confirmed that it is January 9th. Therefore, the action has to be taken today. Any other questions of the recusal or the process? Go ahead, Councilmember Yukimura.

Councilmember Yukimura: I do have a question of the Human Resources Director but that would be presumably after you yield the Chairmanship to Vice Chair Kagawa.

Council Chair Rapozo: Okay. Can I just take a two (2) minute recess? I want to explore Councilmember Hooser's suggestion with the County Attorney. I will take two (2) minutes.

There being no objections, the meeting recessed at 9:20 a.m.

The meeting was called back to order at 9:24 a.m., and proceeded as follows:

Council Chair Rapozo: I have met with the County Attorney and although the County Attorney is not the Ethics Commission or Ethics Board, I am going to recuse myself and stay out of the decision simply because of the potential perception that my actions for the other positions may impact my brother's position. With that, I will be recusing myself. I appreciate the suggestion, Councilmember Hooser, I actually thought I could but I cannot. Councilmember Hooser.

Councilmember Hooser: Another process question. Just to be clear on the motions, if a motion to receive is made and it fails, can a subsequent motion be made to reject at that point?

Council Chair Rapozo: Yes.

Councilmember Hooser: Okay.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: I would like to ask you, as Chair, to inquire of the Ethics Board to get a ruling from them for future reference. I think we need to build a body of decisions, like Court decisions, that give us guidance. We do not know what the answer is to the question, but it would seem that it would be helpful so that in the future we have some guidance.

Council Chair Rapozo: Thank you. Staff, if you could send over a request to Ethics for this specific case, and I agree that we should set up the case law,

if you will, going forward. Thank you. Any other questions? If not, I will hand over the floor to Council Vice Chair Kagawa.

Council Chair Rapozo, the presiding officer, relinquished Chairmanship to Council Vice Chair Kagawa.

Council Chair Rapozo was noted as recused from C 2015-22 at 9:26 a.m.

Councilmember Kagawa: I think Mel made a good call. Can we have a motion?

Councilmember Kualii moved to reject in whole, Salary Commission Resolution No. 2014-1, seconded by Councilmember Hooser.

Councilmember Kagawa: Members, questions?

Councilmember Yukimura: Yes, I do have one (1) question in terms of any decision / any motion for the Human Resources Director.

Councilmember Kagawa: Okay, the rules are suspended.

There being no objections, the rules were suspended.

Councilmember Kagawa: Do you want anybody else, Managing Director? Okay, I guess for now, Janine, I do not know if Nadine...do you want to step up already? Okay.

JANINE M.Z. RAPOZO, Director of Human Resources: Good morning, Janine Rapozo, Director of Human Resources.

Councilmember Yukimura: First of all, Janine, congratulations on your new position.

Ms. Rapozo: Thank you.

Councilmember Yukimura: Talk about being thrown into the "hot seat" right off. I am looking at the Salary Resolution and on page 3, Section 4 at the top, in terms of performance evaluations, and Paula, did you want to come up also? "The Director of Human Resources shall prepare for approval by the Mayor, written performance evaluation procedures and methodologies and coordinate the performance evaluation process for all non-elected officers or employees listed in this resolution." I think in previous situations it is the performance evaluation process that has been optional for the County Council and our appointees who are the Clerk and the County Auditor and that has always troubled me because I feel that they are Department Heads or at a Department Head level and need to be evaluated according to the standards that apply to all Department Heads. I just want some verification that this is so, under this performance evaluation section of the Salary Resolution.

Ms. Rapozo: Councilmember Yukimura, that is correct, the Salary Resolution is recommending that all appointees, legislative and executive, be evaluated. About a year or two (2) ago, there was a Committee set up; members of the Civil Service Commission looked at the Administrative Rules for policies and procedures on performance evaluations for executive appointees. What they did is they have done a revision to that to take out executive and it just says appointees, so they have included the County Clerk as well as the County Auditor in that process.

Councilmember Yukimura: I am very glad to hear that because I think that kind of "check and balance" is very important and it is aligned with the fact that the Clerk and the Auditor are Department Head level employees or appointees of the County. Thank you.

Councilmember Kagawa: Further questions?

Councilmember Chock: I was briefed earlier this week and there was some discussion and I was wondering, Paula, if you could shed more light about the comparisons of the other Counties, so that we could consider that as well.

PAULA M. MORIKAMI, Boards & Commissions Administrator: Couple of you have asked me for the comparisons between the four (4) Counties and I have copies for you. This was updated by the Department of Human Resources, so it is very accurate.

Councilmember Chock: In general, would you summarize the outcome of the comparisons?

Ms. Morikami: The Salary Commission reviewed the four (4) Counties and looked at ways to make Kaua'i County a little more equitable. They determined that they would take the 12-01-2009 proposal to increase the salaries and move it to 07-01-2015. The 07-01-2015 coming up is actually, what was proposed in 12-01-2009. Thank you.

Councilmember Kagawa: Councilmember Kualii.

Councilmember Kualii: I have a follow-up question on that; the Salary Commission is basing their recommendations for these increases on the 2007 Nash Salary Study. Besides the data that you provided with the upcoming salaries from Maui County, Hawai'i County, and the City & County of Honolulu, has there been any other gathering of current information that justifies these raises at this time?

Ms. Morikami: I would prefer not to answer. I am sure you know that the Boards & Commissions Administrator is on the list. Just as Chair Rapozo has recused himself, I need to be careful because this Resolution does or may affect me and anything related to opinion or assumption, I would prefer to have you speak directly to the Salary Commission, if that is okay with you.

Councilmember Kualii: Yes, that is fine but the only other thing is...you coordinate the boards and commissions, correct?

Ms. Morikami: We oversee the boards and commissions but as far as their intent as to why they went that way, as I stated in the other meeting, they felt they wanted to be fair and equitable. Looking at the other Counties, they also wanted to look at that.

Councilmember Kualii: The other part of the question is if there were difficulties in either hiring or retention for any of the commissions that you support, would it not make sense that we would receive testimony from those commissions?

Ms. Morikami: The Salary Commission did receive testimony from, I believe, the Prosecuting Attorney's Office and the Fire Chief. The Prosecutor,

the Fire Chief, and the Civil Service Commission were also there at the Salary Commission Meeting.

Councilmember Kuali'i: But the Civil Service Commission does not make hiring decisions for any of these fifty plus (50+) appointed officials?

Ms. Morikami: They were there because they are the appointing authority of the Director of Human Resources.

Councilmember Kuali'i: How many different Commissions are there that make hiring decisions as the appointing authority?

Ms. Morikami: There are six (6).

Councilmember Kuali'i: Of the six (6), only two (2) testified? I actually would like to receive that testimony.

Ms. Morikami: The Police Chief did submit testimony earlier, I believe, it was last year. The others, as far as my recollection goes, did not testify.

Councilmember Kuali'i: Is it true that as far as Police and Fire, there has been salary "updates," if you will, that have been approved in the past?

Ms. Morikami: Yes, there has been two (2) separate...one was a salary increase in 2012 and then the Salary Commission felt that they should also be treated like all the other officers as far as getting uniform cleaning, firearms cleaning, Standard of Conduct, so that was incorporated in the Resolution. That occurred in November 18, 2013.

Councilmember Kuali'i: Thinking about it, having heard myself ask that question out loud, is it not also true that the Prosecuting Attorney's Office, their testimony and concerns were also addressed in some kind of salary adjustment in the past?

Ms. Morikami: Yes.

Councilmember Kuali'i: Okay. Of the six (6) Commissions that exist that make appointing decisions, of these positions that we are considering salaries for... The three (3) that expressed concerns, their concerns have been addressed?

Ms. Morikami: I know that a couple members from the Board of Water approached me because in looking at the water salaries and if you compare the four (4) islands, they were concerned that there was quite a bit of difference.

Councilmember Kuali'i: Do you know too then, if the Salary Commission would be willing to address, like they have done in the past, the specific concerns of Police, Fire, and the Prosecuting Attorney's Office? Would they be open to addressing that in an isolated way as opposed to this blanket approval of a resolution? Maybe you have to go back to the Salary Commission but that would be my suggestion. The only other question then for Janine, just in case you have this information, is the same question along the lines of whether these salary recommendations were made on the 2007 Nash Study and that is kind of a long time ago, eight (8) years. Between that time and now, besides this information and executive pay rates for these other Counties, that Paula has been provided about pay

and accounting, do you know if anything has been worked on from Human Resources or Personnel before you.

Ms. Rapozo: I am not aware of any other information.

Councilmember Kualii: That is it for now.

Ms. Morikami: May I add one thing too? We budgeted two (2) years ago for another consultant to come and update the Nash Study but what the Salary Commission found out was that the knowledge that existed in DPS (Department of Personnel Services) at that time, was very informative and they have a lot of documentation and information that they felt that the Salary update was not needed because of the fact that they were going on the same track as the proposed resolutions in 2007 and 2008.

Councilmember Kualii: Thank you.

Councilmember Kagawa: Councilmembers, we do have two (2) members from the Salary Commission that are here too, if you have questions for them. Councilmember Kaneshiro.

Councilmember Kaneshiro: The Salary Commission, how often do they provide proposals like this as far as doing increases? Is it a yearly thing?

Ms. Morikami: The Salary Commission sends you a resolution annually. The reason why it came early prior to March 15th, the Charter language, was because your former Chair requested the Salary Commission to submit it no later than December 31st. They were just following what was requested.

Councilmember Kaneshiro: In the prior years, were they proposing the same increases and then the Council voted it down?

Ms. Morikami: In the prior years, they submitted resolutions that actually had no increases, except for the Police Chief, Deputy Police Chief, Fire Chief, Deputy Fire Chief, and also cell, automobile allowance, Standard of Conduct, uniform cleaning, and firearms cleaning. Those were the only ones that they approved from 2008 to now.

Councilmember Kagawa: Councilmember Chock.

Councilmember Chock: When we talk about the study, I guess my question is if moving forward this Resolution is rejected, where do we go from here? Is a study suggested over a certain amount of time or what you have learned so far is that we can do it on our own, or we would just come back to looking at this Resolution at a different time?

Ms. Morikami: I am not sure what the Salary Commission will decide.

Councilmember Chock: Okay, maybe that is a question for them. We can hold that question. We got testimony from the public about these raises and I just wanted to make sure that you had the opportunity to express any misconceptions that were being proposed here and are we going to see that increase all at once or is that just a maximum limit and what we are actually proposing or considering in a year or two years...

Ms. Morikami: Based on the Charter, the Salary Commission sets the maximum salaries allowed and it is up to the appointing authority to determine whether or not increases will occur. The Salary Commission does not have the authority to set the salaries, they just set the maximums, and the appointing authority is the one that makes the decision based on evaluations.

NADINE K. NAKAMURA, Managing Director: Happy New Year to everyone. I just wanted to add to Paula's comment that currently of the fifty-three (53) positions affected by the Salary Resolution; only thirty-nine (39) of them received the maximum salary. It is not automatically given, it is based on the review, especially in the Prosecutor's Office and the County Attorney's Office, all of the Attorney's impacted by this Resolution, do not automatically get the maximum amounts.

Councilmember Chock: The thirty-nine (39) that you speak of, that occurred over how many years that affected those amounts of positions? Was it incremental or was it all at one time?

Ms. Morikami: No, the increases occurred, some got increases 12-01-2009 and looking at who got the increases, it was all those positions that the Mayor did not have authority over, and then in 2012 the Police and Fire, Chief and Deputies got increases.

Councilmember Chock: Okay, thank you.

Councilmember Kagawa: Councilmember Yukimura:

Councilmember Yukimura: Other than the County Attorney's and the Prosecuting Attorney's, is there evidence that there is a careful evaluation process for the appointees?

Ms. Nakamura: Having been on the job for just over a year, moving forward we are planning to complete performance evaluations for all of the appointees under the direction of the Mayor's Office. According to the Resolution, the performance evaluations have to be submitted to the Director of Human Resources by June 1, 2015. Our plan would be to complete those performance evaluations and then submit them to the Department of Human Resources. Only then will that trigger an increase in salary.

Councilmember Yukimura: So we are going to be budgeting the full salary because our budget is passed before June 1st? Then, there will be presumably, you will not be using the maximum in the budget, is that how it is going to be? Therefore, we will not be able to do accurate budgeting.

Ms. Nakamura: That is correct.

Councilmember Yukimura: I asked last time for...

Ms. Morikami: For the Department Heads that are appointed by a Board or Commission, the six (6) that I mentioned, those would have to be set at the maximum because if they appoint and you do not budget it, they will not have that option.

Councilmember Yukimura: I do not understand what you just said.

Ms. Morikami: I asked for a County Attorney's opinion and Mauna Kea is here to respond.

MAUNA KEA TRASK, County Attorney: Good morning. I believe the number is, Kaua'i County Code Section 3-2.1, is the Salary Ordinance. What it says essentially is that the Salary Commission sets the maximum for the salaries but the appointing authority can set a salary less than the maximum and then you can get raises incrementally or however you want to do it, after an evaluation is done. For the boards and commissions if they do not set the maximum then you cannot give them over what is budgeted for because the budget plays in with the Salary Commission, so there are other checks and balances in other areas of the law that can accomplish it. However, if the maximums are not budgeted, you are not going to be able to give them raises beyond that. You have to read both processes together.

Councilmember Yukimura: Is it not a sequence issue? I mean, if the Boards and Commissions sets something before we do the budget, then we know what the budget is and we appropriate accordingly, right?

Ms. Morikami: The six (6) Boards and Commissions do their evaluations anywhere between July and December. There is an exception, I think, Liquor is completing those and decision-making is this Thursday when they act in Executive Session. For the Department of Human Resources and the Board of Water, because there are two (2) new people in there...

Councilmember Yukimura: New Board Members or new Directors?

Ms. Morikami: New Directors.

Councilmember Yukimura: Okay.

Ms. Morikami: It is my understanding that they would probably do a six (6) month review, so that would not apply to what you are describing here for this year. In the future though, annually, they do a review.

Councilmember Yukimura: So what I am hearing is that the appointing bodies or the Mayor, who is an appointed body in some cases, needs the flexibility throughout the year and the way to give the flexibility is to budget at the maximum level? Okay. Now salary moneys cannot be used for anything but salaries or can it be transferred to be used for other things?

Ms. Nakamura: My understanding is that there needs to be an approval from the Department of Finance and the Budget Division for any transfers of funding. I believe there is a policy...

Ms. Rapozo: Just for clarification, Councilmember Yukimura, the opinion that we got from the County Attorney was to budget the maximum salaries for Boards and Commissions for how Paula has explained it. As far as for the other Department Heads and Deputies, if they just started and they are starting at a lower level and the appointing authority feels at that point if they are going to give them a bump, they are not going to bump them to the maximum, they do not necessarily have to budget at the maximum.

Councilmember Yukimura: Okay, but my question was about whether you can transfer salary money.

Ms. Rapozo: Right and regarding that I believe you are able to transfer salaries. There is an internal policy that the Director of Finance would have to approve that and it is highly discouraged, but it is at the discretion of the Director of Finance.

Councilmember Yukimura: I am just trying to understand the difference between Board appointees and Mayoral appointees.

Ms. Rapozo: For clarification, for example in the...let me just take the Director of the Liquor Control. He was appointed January 1st for that position. He is not going to get an evaluation in time for the budget to know whether or not that particular Commission wants to give him a raise.

Councilmember Yukimura: Mid-year.

Ms. Rapozo: July 1st when the budget starts. You were talking about whether they have to budget the maximum. The boards and commissions do not have the authority over the budget per say and so at that point in order to allow them that flexibility to allow that Director to possibly get a raise within that particular fiscal year, they would need to budget the maximum. By the time the budget is approved, he may have only been on the job three (3) or four (4) months, so there is no way to tell whether in the next year they want to give him that raise. If we budget at his current salary, there is no way that they can give him that raise when he is due; let us say one (1) year from when he was appointed. At that point, the only way to allow the boards and commissions, any flexibility at any point in the budget year is to budget at the maximum amount. It does not necessarily mean that they need to use it, but it gives them that flexibility versus with a Department Head, it is within that budget year.

Councilmember Yukimura: So if the Mayor wants to give an additional salary increase based on a six (6) month evaluation, what you are saying is that he has more resources to make that happen?

Ms. Rapozo: That is correct.

Councilmember Yukimura: Within the budget.

Ms. Rapozo: Yes. He is the authority.

Councilmember Yukimura: Yes, okay, thank you.

Councilmember Kagawa: Councilmember Kualii.

Councilmember Kualii: Janine, do you know of any documentation in Human Resources that shows that we, as a County, has had a problem losing the potential new hire of any individual in any of these fifty (50) or so appointed positions and because of the salary being too low?

Ms. Rapozo: I do not have any physical evidence of that but there are some positions that are difficult to fill.

Councilmember Kualii: Can you say which ones they are?

Ms. Rapozo: Attorneys. If you look at the salaries there and what they could possibly have made out in the private sector, it is relatively low. We are having difficulty with Engineers. We just hired a Water Manager but I believe the amount of applicants were very low. If you just look at the salary, it is very low comparatively on what you could make in the private sector.

Councilmember Kualii: Therefore, one example is Attorneys? Are there new Attorneys, low Attorneys, mid-level Attorneys, and high-level Attorneys?

Ms. Rapozo: Even at the low-level Attorney level, I think, the salary that is the maximum here is relatively low for some Attorney to start out. There is difficulty getting seasoned Attorneys to come or even some entry-level people.

Councilmember Kualii: Did you want to say anything?

Mr. Trask: Recently, we at the County Attorney's Office, had difficulty filling new positions. The older Attorneys will not come to the County. They have already done their public service, they have moved past that part of their career, and they are making significantly more money in the private sector. We are competing with private firms all across the State and even out-of-state to get the best, out of law school, or the best young attorneys that we can find. The salaries are not that competitive. They can make in some instances, more money in other counties within the State and to the young attorney that really wants to learn and grow and perfect their practice, they are starting to request training. It is a difficult thing to provide for them because of the fiscal restraints we have on our training budget and what we can do. We are competing against marquis firms for the best and brightest out of William S. Richardson and other law schools. We are able to get who we can get because they are from Hawai'i or they have a love specifically of the island, which is very few. Many attorneys do not get into law for public service, unfortunately. The recent ones we were able to get, we had to start them on the high-end of the pay scale because they were being hunted and wooed by people who can pay more and promise them more longitude in their career. As we all know, government attorneys especially the County Attorney's Office, you have a short shelf life. Whereas a firm can offer you partnership, or house you for the rest of your career and you can make a lot of money and have a long career whereas here, you will have good experience but they are usually out within four (4) to eight (8) years.

Ms. Rapozo: Just to add to that, the discrepancy right now with the maximum salaries between the Deputy Prosecuting Attorney and the Deputy County Attorneys, causes a little bit of a problem as well. I do not want to make this assumption, but the County Attorney's Office did lose an attorney to the Prosecuting Attorney's Office and the salary is higher there right now. I think this Resolution helps in that respect in that whichever way we need attorneys in the County, it would be at least equitable.

Councilmember Kualii: Would you agree that another resolution that isolated that particular issue in the same way that was done for the Prosecuting Attorney's Office a couple years ago... In other words, we addressed the Prosecuting Attorney's problem and we are saying now because of that, we have created another problem because now the County Attorney's Office is not equal or equitable to the Prosecuting Attorney's Office. Which in a way tells you that the Salary Commission has a huge job because you start plugging a leak here and you are creating leaks there, but maybe we created the leak in the first place by not looking at the big picture all at once. The next question for you, Janine, had to do with the second piece, first,

I asked you if you knew of any potential new hires that were not hired and we hear that it is in the Attorney's Office. I still do not get that there is no break up between new and low, medium, and high because now we might have a very experienced attorney doing great work for us, but they are making just as much as the one that came out of college and is only there a couple of years and maybe it is their first job. I do not know if we do that, but it seems like there should be distinctions and starting lower so that this high pay is the pay that we give to the "senior" attorneys, if you will.

Mr. Trask: We do that. We do start off depending on...we look at someone's background and their capabilities but even then in those rare cases where you have someone that is competitive and you have to start high because someone else is going after them. We really want to see...recently this past year, Professor Sproat came by, she had a cadre of young attorneys who are smart, and it is hard to get those people. I came in as a PD (Public Defender), which is great, but I was not the amateur person that you could get.

Councilmember Kualii: It is good to hear that you actually do that in practice but then what we look at on paper, as far as the Resolution goes, lists all the Deputy County Attorneys in one (1) grouping and asks for an increase salary of a hundred and one thousand dollars (\$101,000). It would make more sense to me if the Salary Commission and Human Resources would designate that. That there is a Junior Deputy County Attorney, mid-level...and then we could see the different salaries and we could be approving appropriate maximums as opposed to a super high maximum that maybe you have to budget for like Councilmember Yukimura was saying and now you are hiring a brand new attorney at a much lower level. Therefore, you have that extra money in the budget.

Mr. Trask: I think you make a good point. I think what you are seeing there in that instance is the convergence of separation of powers. As policy makers at the budgetary and legislative level, you occupy a certain layer in the cake of government and so does the Salary Commission. The manager too, myself, being the appointing authority under the Charter there is a County Attorney who can appoint deputies that serve at his or her pleasure. You do have that management level that under the Charter because it is a personnel and administrative role, it is not, I guess appropriate for the Council as a body to get involved at that level. As the appointing authority, you can have the reviews, meet with them daily, see their progress, and you are going to want that flexibility in order to appropriately motivate, train, and manage all your employees on a day-to-day basis. I think that is what you are seeing as far as the more general and broad picture stuff within the Resolution.

Councilmember Kualii: Thank you. Janine, the second part of that question, I asked about the loss of new hires. Do you have any documentation that show that we have been, as a County, unable to retain one of these high-level individuals because the salary was too low? I ask that because when I look at some of this data about the salary history and the change in position, it looks to me that a lot of the change primarily happens for "political reasons" if you will. When there is an election and a new administration comes in there could be new persons appointed and what have you. I see some stability that people are actually remaining in their positions. Is there any documentation of the County having the problem retaining some of these top-level appointed individuals because the salaries are set too low?

Ms. Rapozo: Again, not documentation but as you know we recently loss our Director of Finance because he returned to the civil service system. There is an inversion problem where we have some of our Department Heads going

back to civil service positions, which may pay comparable but remember they are also entitled to overtime and other different additions to their salary whereas these particular appointees do not get that. Our Director of Finance just left, our Deputy Chief has just returned to a civil service position as well and our Fire Deputy is going to be returning to a civil service position. Yes, we do have documentation that people are leaving, not necessarily to go to the private sector, but just within our own County system. They are going back to different positions.

Councilmember Kualii: When the Finance Director left, did you do an exit interview and have you collected the comments on reasons why they have left? In addition, do you actually have documentation of any person of these fifty plus (50+) positions that says, "I am leaving because the salary is too low"?

Ms. Rapozo: We do exit interviews, but I do not have that information available with me now. We do have comments and questions to every individual that leaves the County.

Councilmember Kualii: Therefore, all kinds of information, if they exist, would be helpful for us in making these kinds of decisions. I do not remember, Paula, if I asked you the same line of questioning regarding the documentation of either problems with retention or problems with hiring new individuals into these positions. Would the Salary Commission or you...Agency or Division...have any of the information? Would it just be what we might be able to get from Human Resources? The question for you too, Paula, had to do with...all of the positions listed in here...I see there is a Director of Housing; do we have a Deputy Director of Housing? We do not?

Ms. Morikami: No.

Councilmember Kualii: What about positions from Transportation or Civil Defense? Do we not have high level "heads"? I do not know if they call them "directors"...

Ms. Morikami: They are "managers" and I am not sure what they are making.

Councilmember Kualii: But why are they not included in this Resolution?

Ms. Morikami: In looking back from 2007, those positions were not included and I am not sure why they are not included.

Councilmember Kualii: The Director of...

Ms. Rapozo: Being from Transportation in the past...

Councilmember Kualii: Oh, yes.

Ms. Rapozo: Those are considered agencies under the Office of the Mayor. They are created by ordinance and are not Chartered and that is why they were not in the Resolution.

Councilmember Kualii: So those being just Transportation and Civil Defense?

Ms. Rapozo:

Elderly Affairs.

Councilmember Kualii: Oh, and Elderly Affairs. Okay. However, it would be interesting and I wonder then too, if the Salary Commission in their analysis has that kind of comparative information as well. Thank you, I think I took a lot of your time. Thank you for all your answers.

Ms. Morikami: If you have any questions, we have two (2) members of the Salary Commission here.

Councilmember Kualii: Yes, I think I will ask the same question because you deferred on some of them, yes?

Councilmember Kagawa: Members, we are at 10:05 a.m., and we are very interested to hear about the body cams too, so let us try to keep our questions relevant.

Councilmember Yukimura: I have some questions.

Councilmember Kagawa: I understand. I am just reminding Members that at some point we all know what the issue is and it is going up or down and just delaying it is, I think, not in the best interest of this body. Questions from Councilmember Yukimura.

Councilmember Yukimura: Thank you. Janine, some of the line of questions today is a search for an updating of the Salary Report in terms of one of the concerns back in 2007 and 2008, which was the ability to attract and retain department level heads. Some data would have been helpful there. For me, people going back into the civil service system is not as compelling. Part of what it reflects is possibly a problem with the collective bargaining system in terms of middle management salaries. For me, the question is more the private sector comparable and it would have been helpful to have some of that. I believe, Janine, you were speaking from just anecdotal information and I think based on what little I know, there is definitely a lag in government salaries for engineers. What were the other classes you mentioned? Attorneys. I think high-top level attorneys that is right. It is important to me to keep current so that we can attract the best quality of talent and administrative ability in those areas. Is there an update of that aspect of the 2007 Report?

Ms. Rapozo: Not that I am aware of. I think those are all points well taken for the Salary Commission in looking in the future on what they need to consider overall as far as compensation for our appointees. I think in the past from 2007 or even beyond, the salaries were so low that they were just concentrating on that aspect. We need to look at it overall and how it compares today with the private sector and everything combined to make sure that we get the best department heads.

Councilmember Yukimura: Does the Human Resources Director have formal lines of input to the Salary Commission? Is there dialogue that goes on between the two so that there can be that kind of discussion?

Ms. Rapozo: I believe Paula had a lot of discussion with our former Acting Director Thomas Takatsuki to get to the point where they had most of the information that they felt was necessary to get to this Resolution, but I think more dialogue is healthy and it would be great.

Councilmember Yukimura: And some research as well.

Ms. Rapozo: Yes.

Ms. Morikami: And also the Director Thomas Takatsuki attended every meeting of the Salary Commission so that he could provide whatever information they requested.

Councilmember Yukimura: But Paula, there was no private sector comparisons done for the current Salary Resolution.

Ms. Morikami: Correct.

Councilmember Yukimura: Thank you.

Councilmember Kagawa: Any more questions? Do we have questions for the Salary Commission? No need. Okay, I am going to take public testimony now.

RICKY WATANABE, County Clerk: We have six (6) written testimonies and three (3) registered speakers. First speaker is Lonnie Sykos, followed by Glenn Mickens.

Councilmember Kagawa: You have three (3) minutes and you have to experience the lighting system here.

LONNIE SYKOS: I am here to address what is in today's newspaper, which is *Control of Spending Critical for the County*. I have a series of questions, which are not rhetorical. Six (6) or seven (7) years ago the County Attorney issued a ruling that a Charter Amendment was required to reform the Human Resources (HR) which unfortunately he made that after the deadline cutoff to get a Charter Amendment into the election. Then roughly, two (2) years later he issues an opinion that says we do not need one. That is four (4) years of unreformed HR. Then he issued an opinion and in this last election, we created the Charter Amendment to create a Charter Department. In my conversations through the years with Chairman Furfaro, the State of Hawai'i has an office that will assist the County for free in reforming our HR system and bringing it up to modern legal requirements. We do not take advantage of that. Instead, we spend six (6) or seven (7) years and wasted millions of dollars on employee wages as well as settlements and we still do not have a reformed HR Department. That is where this whole conversation today is about, is how dysfunctional our HR system is. As a member of the public, I am here to say, "Do not give anybody a pay raise until HR is reformed," period. Reform HR and save us five million dollars to ten million dollars (\$5,000,000 – \$10,000,000) a year that we are wasting in dragging out the process of reforming HR. If it is politically objectionable to utilize a State resource, there are literally over a thousand contractors we could hire who would reform our HR system in less than nine (9) months. It is a fact. Why is it that we are incapable of reforming our HR system, is beyond me other than the obvious lack of political will or desire to do so. How many Councilmembers have a payroll to meet? Do any of you have employees? It is not a rhetorical question. In the real world who gets a pay raise simply because they showed up for work every day? Who? Who in today's economy? Not the 2007 economy before the recession. Who in today's economy gets a pay raise simply because they show up for work?

Councilmember Kagawa: Lonnie, your three (3) minutes are up, you have another three (3) at the end of all the speakers.

Mr. Sykos: Thank you. Therefore, I am not opposed of giving employees pay raises and I am not opposed to pay raises...what I am opposed to are pay raises that are not based on merit.

Councilmember Kagawa: Okay.

Mr. Sykos: Am I done?

Councilmember Kagawa: Yes, your time is up but you can come back when everyone else is done. Lonnie, we have a question from Councilmember Yukimura.

Councilmember Yukimura: You mentioned a State department that can help with HR reform, would you mind identifying that Office?

Mr. Sykos: Actually, I will refer you to contact Chairman Furfaro because I have never talked to them and so I am not the expert on that, but you can call Chairman Furfaro and ask him. I believe it is through Information Services but I am not sure.

Councilmember Yukimura: Thank you.

Councilmember Kagawa: Next speaker.

Mr. Watanabe: Glenn Mickens followed by Ken Taylor.

Councilmember Kagawa: You have three (3) minutes and if you need to have an additional three (3), after everyone is done, you can come up again. Thank you.

GLENN MICKENS: You have a copy of my testimony and you can read it along with me. "In my opinion, this is not the time to be raising salaries. Particularly not for those making hundred thousand dollars (\$100,000) or more. We have citizens here on Kaua'i struggling to survive making half that amount or even less.

Taxes, fees, food, water, auto maintenance, electricity, and the cost of living keep escalating and certainly impact the lower salary people more than those in the higher income brackets. In addition, before we even think about giving pay raises, which is not now, should we have not thoroughly evaluated the success or failure of the job that they did? Should we have not researched the eight (8) fine audits that our Auditor Ernie Pasion did and had a better idea of what has and has not been accomplished by those asking for raises?

In my career in baseball as a pitcher and coach for forty (40) years, I was paid on my performance record, nothing else. No friend, relative, or coach ever influenced my getting a job or keeping it. I was qualified and had to keep performing or I was gone," that simple. "I am sure that Ross and others in the private sector," Ross got a scholarship to University of Hawai'i (UH) and I am sure on his qualifications and not because some friend wanted him there, "can verify what I have stated.

And to go a step further, should the person in an upper or responsible level position not be made to show that their qualifications for that job were a hundred percent (100%) legitimate and not given to them for political reasons? The point again is that we need people in elected or appointed positions who are there because they are qualified to be there. When the time is appropriate for a raise, not now, then let their quality of work speak for that raise.” For me, this is not an appropriate time to be asking for raises. Not for the group of people here. If you are struggling down at the lower part and asking for a raise, you know, paid people just raise to what the minimum wage. Our president had the raise to be able to do that which is good but not for the people in the upper pay bracket. If you cannot live on a hundred thousand dollars (\$100,000), something is wrong with your management. I think at this stage of the game, I think it is highly not appropriate. In the evaluation process that we are going through this time, I see where the Human Resources does one thing and passes along but hey, you get to the fox guarding the hen house. The Mayor appoints these people. I am not saying they are incompetent but make sure that somebody in a neutral position is evaluating these people to see that the job is done. The only way you are going to find that out is if the job evaluation is done. We are worried about traffic and everything else on this island...does that mean they are doing their job. Somebody is not doing his or her job. I am not sure where the buck stops but somebody is obviously not doing their job. That is my testimony. Thank you.

Councilmember Kagawa: Questions? If not, next speaker.

KEN TAYLOR: Chair, Members of the Council, my name is Ken Taylor. I have been in favor of the motion on this issue. We just went through a year where we talked about raising taxes to take care of the shortfalls and the budget. We know there are hard times still ahead and we have an awful lot of potholes on the island that need to be taken care of. If you feel that you have about a million dollars (\$1,000,000) a year to throw at something, at this point in time, no increases in salary and repair the potholes on the island. Much better money spent for everybody. Unfortunately, we are not privy to looking at the comparisons for the other islands but one of the things that always troubles me is that you compare us to Maui. As an example, we got sixty-eight thousand (68,000) people; Maui has a hundred and fifty thousand (150,000), so it is twice as big and natural activities...the big fish eat the little fish. I do not care how high you set salaries, there is always a bigger fish out there that is willing to pay somebody a little more to come and take care of them. I do not think that under the circumstances any of our department heads are suffering under the current pay scales. Back in 2007 when things were different, or prior to that, there were certainly concerns. I think right now, the size of the community and the income structure...without having to raise taxes or put the burden on retired people and the lower income folks. I think it is time to say no more salary increases and let us fix the infrastructure. Thank you.

Councilmember Kagawa: Thank you, Ken. Any more registered speakers?

Mr. Watanabe: None.

Councilmember Kagawa: Anybody else from the public wishing to speak on this matter? Joe? And Lonnie, if you need more time, you can set up after Joe.

JOE ROSA: Good morning, Members of the Council. For the record, Joe Rosa. In November of last year when this thing came up on the agenda, I looked at it and I heard Councilmembers mentioning that, “We got all the government unions: UPW (United Public Workers), SHOPO (State of Hawai‘i

Organization of Police Officers), Fire, HGEA, now where are we going to find money for those four (4) unions organizations for pay raises for the employees? When I look into the record last year, those four (4) union raises would come up similar to what the members of the Mayor's cabinet would be getting in raises – check that out. Those union employees are going to get something like maybe a thirty dollar (\$30) raise where as, the Mayor is giving his cabinet members in the thousands. When you look at it, the seven (7) cabinet members along with the Mayor is nearly equivalent to what would be for the four (4) union organizations in raises. Is that equal or fair? I would be tickled to death if I get five hundred dollars (\$500), so why the Mayor's Office, why can they not get a hundred dollars (\$100) or five hundred dollars (\$500), whatever they seem entitled to and work for it. We cannot be bleeding the taxpayers anymore than what it is. I just looked at my Social Security, what I am going to have this year starting January, and already when I look back what I have to pay in taxes, what is in the gas tax, vehicle weight tax, my sewer rates came up. I got nothing. I would be tickled if I had five hundred dollars (\$500), it would make it a little more comfortable, but you are getting too heavy on the top there and yet you say that you want to control...those are the things to look into. As Mr. Taylor mentioned, we got only sixty-eight thousand plus (68,000+) here on Kaua'i compared to Maui which is nearly double. You have to look at the person that is out there that makes up the government, the workers that do the work in the hot fields and everything. Those are the kinds of things. They like to have raises but if you look at the unions, how much are you going to get? How many percent? Probably one percent (1%) to two percent (2%) over two (2) years is when they are going to get their raises. Not one big lump sum like the way the Administration will be having – seven thousand dollars to eight thousand dollars (\$7,000 - \$8,000) per person in raises.

Councilmember Kagawa: Joe, your time is up.

Mr. Rosa: Alright, I will wrap it up, Ross. Thank you. In fairness, I think they should be given raises on a merit and also they should have a JPR (Job Performance Report) rating also to be given to them before raises are administered to those people. In all fairness, check the union negotiated payment compared to the seven (7) cabinet members and the Mayor's Office. Thank you.

Councilmember Kagawa: Thank you, Joe. Any other speakers?
SHERI KUNIOKA-VOLZ, Member of the Salary Commission: Good morning.

LENIE NISHIHARA, Member of the Salary Commission: Good morning.

Ms. Kunioka-Volz: We are both with the Salary Commission and just want to reiterate and remind people that our job on the Commission is to set the cap. We do not determine the salaries, we simply set a cap, and this was done in all fairness to all employees to make things more equitable. There are raises that were given five (5) years ago, and this is to bring some parity.

Councilmember Kagawa: I have a few questions because these are members of the Salary Commission. I had requests from members of the public that spoke earlier that they wanted to see what we are seeing and so I am going to put this up now. I am just going to go over a few. If we could have the lights off. First of all, I want to say two (2) months ago I was critical of the round of raises proposed, but as I asked the Salary Commission for the comparisons of the other islands and the proposed, you can see that Kaua'i is nowhere near the top, at the maximum. The problem with that is when you look at our union employees like our officers, firefighters; they make the same as the neighbor island counterparts and what you have is an even larger salary inversion. How do you expect the topnotch fire fighters

or police officers to want to be the Fire Chief?" On the top there, I did my own squiggly, which is the populations of each island – roughly. Kaua'i, we have not even half of Maui's population. Maui has a little less than Hawai'i Island, and of course Honolulu has about a little less than a million people. The Mayor's one if you look at the Kaua'i proposed, the Kaua'i Mayor makes a lot less than Maui, Hawai'i Island, or Honolulu. That needs to be brought up, no doubt. If you look at the County Engineer, he makes about four thousand dollars (\$4,000) more than Hawai'i Island but much less than Maui. The Finance Director, and we can give you copies later, but if we can keep the order, the Director of Finance, City and County makes twenty thousand dollars (\$20,000) more or so other than it is pretty similar to Maui and Hawai'i Island. Let us go down to the County Attorney and the Deputies. The County Attorney proposed will make more than Hawai'i Island but thirteen thousand dollars (\$13,000) less than Maui and thirty thousand dollars (\$30,000) less than City and County. The Deputies, if at a hundred and one thousand dollars (\$101,000) they will make somewhere near as much as Maui and Hawai'i Island. The Deputies are kind of in line. Attorney work is attorney work. Prosecuting Attorney's – Kaua'i is pretty much in line. Maui makes about thirteen thousand dollars (\$13,000) more, and City and County makes about thirty thousand dollars (\$30,000) more. Chief of Police that is a very important one. A hundred fourteen thousand dollars (\$114,000), Maui makes about twenty thousand dollars (\$20,000), Hawai'i Island makes about twenty thousand dollars (\$20,000), and City and County – a whopping fifty thousand dollars (\$50,000) more. Remember now, City and County, Maui, and Hawai'i Island officers make the same amount as the Kaua'i officers and to not have the difference is quite concerning when you know the importance of the Chief and Deputy Chief of Police. The list goes on. I think the Salary Commission tried to go at the level of the lowest county, but they tried to come up with something reasonable. I think the total effect is about four hundred thousand dollars (\$400,000) in salary alone, about nine hundred thousand dollars (\$900,000) when you go with benefits and everything. That would be the impact to the County of Kaua'i. I just wanted to point that out for members of the public. I do not know if you have any comments about the methodology or what have you that you came up with because I am impressed with your work over the years.

Ms. Nishihira: I would like to state something. I am a CPA (Certified Public Accountant) and I come from the private sector. That was one of the things the Commission recognized was that, as you know as a CPA, you make a lot more in the private sector versus in government and same goes for the attorneys and other positions we recognized. When we went through this process one of the things we wanted to do was just to look at like-markets because we all recognize that government pretty much cannot compete with the private sector. As someone pointed out a lot of times, you work for government due to other factors and it is not all about the money. We are aware of the budget constraints or concerns as well. As Sheri mentioned, we just wanted parity and fairness. We also recognized that some of these positions...we looked at the inversions and some of them were hard to address because of outside influences of the bargaining unit, which is sort of a "Catch-22." You raise someone's pay and then the bargaining unit will come in and so we thought we would just put in the last proposal.

Ms. Kunioka-Volz: I have something else that I want to add. I just want to point out that although our population is the lowest of all the Counties, the jobs are still the same even if you have to service less people. You still have to do the same types of jobs or work.

Councilmember Kagawa: Thank you. Any questions? Councilmember Yukimura.

Councilmember Yukimura: In the private sector, are there ever inversions?

Ms. Kunioka-Volz: I worked in the private sector prior to coming back here and I did not see any. I worked for Motorola in Texas.

Councilmember Yukimura: Is it something unique in government?

Ms. Nishihira: No, I have seen it. In a public CPA firm, when you are a Senior who gets paid hourly, you will make more because you will get paid for the hour, and then their manager who is "salary fixed" regardless of how many hours they work will get paid the same. Therefore, you do have inversions where you can have a Senior, an underling make more than their manager does.

Councilmember Yukimura: Thank you.

Councilmember Kagawa: Councilmember Kualii.

Councilmember Kualii: First, I would like to thank both of you and the rest of the Salary Commission for all the hard work that you do. Since you are up here, I will ask the questions that I asked of both Paula and Janine. In your analysis since the Nash Study was done in 2007, what additional documentation have you had which shows that we have either a difficulty as a County, in hiring new individuals into any of these positions or in retaining some of the individuals? If you have any of those documentations, why have you not shared it with us, the Council?

Ms. Kunioka-Volz: No, we do not have access to the exit interviews. We have not seen it.

Councilmember Kualii: Other than this table that was created, I do not know by Human Resources or Paula's Division, that shows the different County wages, do we not have any other kind of documentation? In the past the Salary Commission heard testimony from Police, Fire, and Prosecutors. Then, those three (3) issues of inversion, primarily it is inversion it seems like you are talking about, and not necessarily a good enough wage to hire people or to keep people...

Ms. Kunioka-Volz: We do have a report on inversion of other departments.

Councilmember Kualii: Would you not agree that there are other ways to deal with inversion and the issues of overtime and non-overtime? The blanket-fix if you will is not necessarily mean let us do across the scale raises to all these fifty (50) positions that are over a hundred thousand dollars (\$100,000) or more.

Ms. Kunioka-Volz: First, we are not proposing raises. We are simply raising the cap.

Councilmember Kualii: Yes, it is fine to make that distinction but in essence as a Council, this is our only opportunity to make a decision like we do when we do with the budget on what those salaries can be. Therefore, with thirty-nine (39) positions currently at the maximum, I would imagine the Administration is just waiting for this to be approved so they can do all those increases. If this Council only has this opportunity to say, "No, now is not the right time to make these increases," it is about increases. Increases to the maximum that ultimately could be pay raises.

It is nice to make that distinction, but this is how this Council has to deal with this responsibly as a budget matter and it is our only opportunity.

Councilmember Kagawa: Okay.

Councilmember Kualii: The other question about inversion was, would you not agree then, when the Council approved it and I do not know if I was part of this Council or not at that time...when you pick out an isolated issue like say the Prosecuting Attorney and you decide to make a salary increase with the Administration's support and ultimately the Council's support, if you increase the Prosecuting Attorney to a hundred fourteen thousand eight hundred forty-eight dollars (\$114,848) at a time when the Mayor's salary is a hundred fourteen thousand four hundred ninety dollars (\$114,490), in fact for whatever reason on one side because of comparative County salaries, you created the inversion because now you are going to come back later and say, "Hey, the Prosecuting Attorney even though it is an important elected official, is making more than the Mayor and so the Mayor has to make more." If we do that then we end up creating a domino effect that focuses us to – in one-way address one problem and then create more. I just see that as part of the work of the Salary Commission to do the complete big picture.

Ms. Morikami: In response to that, the reason why the Prosecuting Attorney's Office has a different increase has nothing to do with the Salary Commission. They propose the Salary Resolution. The Mayor is not responsible for the Prosecuting Attorney's Office; it is an elected position, like the Council who is reasonable for the Clerk and the Auditor. Although the Mayor froze, everybody that he was responsible for, it did not mean that the other appointing authorities would do the same. In 12-01-2009, those people got their raises. It had nothing to do with the Salary Commission.

Councilmember Kualii: But specifically when we look at this chart, there is an inversion right there, right? That is why we are asking for a raise for the Mayor because the Prosecuting Attorney, in 12-01-2008, has a salary of a hundred and fourteen thousand eight hundred and forty-eight dollars (\$114,848) and the Mayor has a salary of a hundred and fifteen thousand four hundred and ninety dollars (\$114,490), now it is just a three hundred something difference but the Prosecuting Attorney has a salary that is higher than the Mayor as far as what I am looking at right here and that means there is inversion, right? Is that not inversion?

Ms. Morikami: The main issue is that from 2008 there has not been increases, so that inversion would not have occurred if the raises had gone through. The Salary Commission felt that they just wanted to make the Resolution fair to all people on this Resolution.

Councilmember Kualii: Thank you.

Councilmember Kagawa: Any more questions? Councilmember Yukimura.

Councilmember Yukimura: I want to ask the Salary Commission members why there was not a study commissioned to at least look at private sector salaries.

Ms. Kunioka-Volz: I think it was going to cost us a hundred and thirty thousand dollars (\$130,000) to do another so-called "Nash Study." We felt that

it was fair to look at the other Counties because they probably did their own private sector study as well.

Councilmember Yukimura: Did you find out if they do studies...if they had documentation for the raises they made?

Ms. Kunioka-Volz: No, we did not talk to the other Salary Commissions. We only asked HR to give us comparisons.

Councilmember Yukimura: Okay. Thank you.

Ms. Nishihira: For me again...

Councilmember Kagawa: Go ahead.

Ms. Nishihira: In the private sector when you are looking at salaries, right, you will compare against other companies in the same industry. For me personally, I looked at it as government sector in looking at other Counties and what they were paying.

Councilmember Kagawa: Councilmember Kualii.

Councilmember Kualii: I know you know in this instance it is very specific because it is fifty (50) or so high level appointed positions, but when you talk about the industry as a whole, the State of Hawai'i, the Department of Labor and Industrial Relations, they put out an annual report and they have completed it for 2013 where they have the different industry sectors and one of them is government. Government does breakdown between federal, state, and county. When you look at the county averages...in fact the average annual wages for Kaua'i County is higher than Maui and Hawai'i Island. It is only a little lower, about fifty-seven thousand dollars (\$57,000) versus fifty-six thousand dollars (\$56,000) from Honolulu. Maybe when you just show the top fifty (50) positions, it tells one story, but if you showed the County as a whole, Kaua'i County's annual wages is better than Maui and Hawai'i. On average, we are at fifty-six thousand two hundred eight-five dollars (\$56,285), Maui is at fifty-four thousand one hundred eighty-one dollars (\$54,181), and Hawai'i is at fifty-two thousand eighty-three dollars (\$52,083). That is just the government sector but then you can pull it out and you can look at the rest. We, as Councilmembers, have to think about all our citizens that are paying the taxes that work in retail, hotel, and food service. Along those lines, those workers are making very comparable to the other Counties. Kaua'i's average is a little bit higher than Hawai'i and a little bit lower than Maui, at thirty-six thousand, thirty-six thousand, and Hawai'i at thirty-five thousand. Average salaries in the rest of the sectors, so as a government, I think – and would you not agree that we have to look at the big picture and isolate just these fifty (50) positions and say let us spend a million dollars more to raise this when we are looking at the rest of the County?

Councilmember Kagawa: Thank you, Sheri and Lenie. We will take one more speaker and then we will take a caption break.

ALICE PARKER: Good morning. I do not believe that the Mayor's position necessarily should be paid more than the attorneys. The attorneys are required to have a substantial amount of education and background whereas the Mayor has no such requirements. Now, if we had a County Manager system that would be different because they do have the background and the experience to merit higher pay than the attorneys do. When I worked for the civil service with the Federal

government, I was positioned out to other agencies and I did work at a higher grade, I was a 9 but worked at Grade 13. I did not receive the pay because I was not there for a year so they carefully kept me at nine (9) months but then they would give me monetary awards. But not a whole salary increase for the year. I think salary increases should be based on awards and not necessarily annually. You get ten (10) year awards by going up in grade that the unions usually negotiate, but not necessarily, as this budget is set up. Thank you.

Councilmember Kagawa: With that, we will take a caption break.

There being no objections, the meeting recessed at 10:47 a.m.

The meeting was called back to order at 10:56 a.m., and proceeded as follows:

Councilmember Kagawa: Lonnie, your second opportunity. Anybody else besides Lonnie that would like to speak again on this issue? Glenn, you want to go again. Okay.

Mr. Sykos: Thank you for this opportunity to speak on behalf of the public. Part of my issue with this blanket pay raise thing is we started balancing the budget that we are in by not paying the full amount into our retirement fund. In which I believe has been corrected and the money has been reapplied. However, it is crazy to raise salaries when we cannot afford to save the money that is going to be required to pay their retirement at the old rate. If we raise the salaries, we are digging a bigger hole for the public in the future to make up paying for future retirement costs. I would also say that the analysis using the other Counties is inherently flawed. The Mayor of Honolulu, his salary is hugely greater than it is – he gets a limo, driver, security guard, he lives in government owned housing, on and on. The comparisons that were made was a good show, but it really does not address the reality of what their responsibilities are versus how much they are paid. The other thing that is lacking, which is lacking in this entire process is analyzing the outcome of their performance and so at the December 17th or 18th Meeting that this Council had and discussed all this, if you go back and review it, because I watched it intently, no one ever brought up merit, the issue of performance being rewarded. The only thing that was being rewarded was showing up for work every day but nowhere in our system do we have performance based rewards and even now the County has been struggling for six (6) or seven (7) years to come up with a methodology to analyze employees conduct and the outcome of the performance of their duties and relay that to pay raises. We were just told today that they do not have one and it is being developed. Until it is developed, no pay raises. Thank you.

Councilmember Kagawa: Questions for Lonnie? No. If not, Glenn.

Mr. Mickens: Thank you. I just want to say that I agree with KipuKai one hundred percent (100%). He asked the question about how many people we are losing from our government because they are not making enough money. First, I am not trying to be critical of our Salary Commission. These people are volunteers and are doing a heck of a job. I do not believe that we are getting the proper professional analysis that we need to be able to come up with these particular figures. I think that question really has to be answered because this is one of the rationales for losing people because we are not paying big enough salaries. I have heard the police talk about California, they pay ten thousand dollars (\$10,000) bonuses for the police just to join the police department there and to fight against that is obviously a huge disadvantage when those police...maybe a lot of them would like to live and work on Kaua'i and they look at the costs of living and what they are

going to make and they cannot do it. We do not look at the big picture, everybody, that has to be analyzed too. It is not the whole answer, but it is a rationale if you are looking at it. Anyway thank you, Ross.

Councilmember Kagawa: Thank you. Any questions for Glenn? If not, we are going to call the meeting back to order.

The meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: The motion on the table is to reject.

Councilmember Kualii'i: Mr. Vice Chair, can I have a point of personal privilege?

Councilmember Kagawa: Yes, you may.

Councilmember Kualii'i: I just want to apologize to the Council and to the public here. In some of my remarks and during my questioning of the testifiers and I especially would like to address the two (2) fine representatives of the Salary Commission who I know work hard. I want to say again, I really appreciate your work and some of, my passion may come about and maybe my voice raised a little bit and Mr. Mickens testimony reminded me of that. It is in no way meant to say that we are inappreciative of all your hard work and please accept my apology. I know I probably should have reserved some of my remarks for this time when the Council comes back and not try to talk with the testifiers about it. My apologies.

Councilmember Kagawa: Thank you. Discussion on the motion to reject. Councilmember Hooser.

Councilmember Hooser: I would like to speak in support of the motion to reject. I have not asked any questions up to this point because for me it is about context, the budget, and not about whether the numbers are right or wrong. It is about the fact that we have not had a balanced budget in this County for five (5) or six (6) years. The Administration would say that a balanced budget is a sustainable budget – they would say it is balanced but not sustainable. What that means is that we have spent more money every year than we bring in, in revenue. I believe we need to top that process and the only way we are going to stop that process is to stop spending money until we get a balanced budget. Once you get a balanced budget, then you say, "Okay, can we afford these other things." We have a so-called "surplus" every year, we dip into the savings account year after year, and I do not believe we should pay raises out of a savings account. The earlier speaker mentioned, "Did anyone here on the Council have experience managing a payroll," and while I know the protocol does not allow interaction with the speakers to ask us questions, I want to respond to that. I do have years of experience managing payrolls both in the private sector as well as the non-profit sector. I commend the Salary Commission for the work that they are doing and the employees that are doing the work for the wages they get, but it is not about the performance of the Salary Commission, again, I think they have done a fine job, or the employees. The Salary Commission looks at parity and fairness, and I am looking at the practical aspects of a budget that is not balanced. We have been through this past year, we have talked about freezes, tax increases, and we are still hiring people. When the Administration comes forward with a balanced budget that balances the money coming in and the money going out, then we can look at some of these things. Until that happens, I am going to have a very difficult time supporting any additional spending or salary increases – barring emergencies. Thank you.

Councilmember Kagawa: Thank you. Councilmember Yukimura.

Councilmember Yukimura: I will be voting against the motion to reject. If you really do look at the big picture and if it is not the time to raise these executive level salaries for all the reasons stated, then why did we approve all the collective bargaining increases? This totaled four million dollars to five million dollars (\$4,000,000 - \$5,000,000) compared to the half a million dollars to nine hundred thousand dollars (\$500,000 - \$900,000) of these executive levels. You will recall when we went into furloughs and when the rank and file had to cut, that is when the Mayor proposed that all the department heads cut as well, except for the Prosecuting Attorney who herself decided to keep her own salary. That created many distortions. But if we are going to say, "Executives cannot have pay raises then we should say that rank and file cannot either." This body and the Mayor both have approved those pay raises. I think we have to distinguish between the position and the persons in the position. The positions, I believe, deserve executive level pay because it is important to attract good talent. To keep good talent we need top level problem solvers and managers because without that there is a lot of waste and error and that is where the biggest waste comes in and unnecessarily expenditures when you do not have good managers. Now, the person in the position is not under the control of this body except for the Clerk and the Auditor and if properly evaluating them and held accountable which is an issue many have raised is not this body. I went over the list and I think just by my own criteria, ten (10) out of the twenty-two (22) that are listed here are doing a really credible job of a manager, but it is not me, I am not authorized under this system that we have to evaluate and be the one who determines pay raises or not. If any of you are concerned about it, you should go see the Mayor or the commissions that appoint and set salaries for the department heads. I do not want to penalize those good managers who are doing a job for the fact that some other manager is not doing a good job. That is why I think we have to set salaries according to positions. We need to complain vociferously if we think appointees are not being held accountable and complain to the people who have that responsibility. It is important to keep parity between collective bargaining and between managers. One of the things that this proposal does is it brings all the department heads up to the same level. While I greatly appreciate the work of the Police Chief and Fire Chief, I do not believe they should get higher pay than the County Engineer, Planning Director, the Water Engineer – those who are doing, I believe, Department level executive level work and deserve to have that pay as well.

Councilmember Kagawa: Any other member who would like to speak?
Councilmember Chock.

Councilmember Chock: First, I want to commend the Salary Commission and the members who are here today. I think that what they have done is to do their job and they have done it well. It was to look for an equitable solution to what we are faced with. The other thing I want to say is that it is apparent that we want to move in that direction of this Resolution and we need to look at ways to solidify the kind of budget that is necessary for us to give these raises, whether incremental or over time. The other thing I want to mention is the talk about the performance evaluations which I believe according to the Managing Director, we are well on our way of seeing and by June we will see something in place that will help to guide us in making better decisions on merit base awards. While it has not occurred in the way we wanted over time, I see that it is moving in that direction and I understand the importance of the competitive marketplace. That being said, I am having a very difficult time supporting the Resolution. I am actually for support of the current motion. For the reasons of basically the budget. We have had many discussions on where we are with the budget and for me it is about timing. For me it

is about prioritizing what is most important. For me, it is about looking at having a budget plan. I want to know how are we going to fund these much needed raises and that has not been done for us yet. While I support where we are headed with this, I think that for me, I would like to see something that we work through a little bit further with our Administration. I would consider looking at the areas that we need to consider first, if it is the engineering positions or the attorney positions, but at this point...or even to get some direction from the Administration to say while we accept these ceilings, perhaps we will not move on them until we get a plan together and a sustainable budget. I kind of feel that it is the tail wagging the dog in some cases because the direction for me is not to have the union and collective bargaining guide where we are going, but the opposite way. I think as leaders, we need to make that stand and make a determination of where that is going to be. Again, I would like to see that we revisit this. I am glad that we had the opportunity to see it early on rather than later so that we can continue with the discussions, but I would like to have more discussions as we move into the budget to determine where we are going to go in sustaining this. Thank you.

Councilmember Kagawa:

Councilmember Kualii.

Councilmember Kualii: As some of my fellow Councilmembers have already stated my primary concern is the upcoming budget and the budget shortfall that we have to face. I also feel that we, as a new Council, need to be responsible to the citizens. We have heard from several people who came forward today with their testimony and we have had several more in writing. I think the people are expecting us as a new Council to increase efficiencies, decrease expenses, and decrease the potential need to raise anymore taxes or fees. We cannot afford the nearly additional one million dollars (\$1,000,000) of a budget expenditure it would take to cover these fifty (50) or so positions at this time. I will read one quick testimony that we also received. It says, "To serve in government is a privilege and one should not expect to be paid the same as corporate America or even other Hawai'i counties, after all we are the smallest of the big four (4) Hawai'i counties. If anyone feels they are not being paid enough with their salaries and benefits, then I would say to them thank you for your service and we will find someone else to do that job. We have spent all of our savings, raised our taxes, and even create new fees in lieu of higher taxes. It is time to hold the County budget at the current level...please do the correct thing which is the hardest and deny these pay increases as that is what you were elected to do." That was one testimony and then several testimonies pretty much came from the heart in a way where they were talking about – "it is very disheartening the inequality of it all. There are so many of our families that are our extended families having to share their house, need for finances, grandparents having to care for their grandchildren, and just struggling through, and I just cannot see the inequality of it all. Do the right thing and listen to the voice in your head that has guided our people for so long." Thank you.

Councilmember Kagawa:

Councilmember Kaneshiro.

Councilmember Kaneshiro: I am really torn on this. I have been on a board and commission and I know how hard they work and they are all about fairness and equality and inversion is a major concern. I appreciate all of the Salary Commission's recommendation, the time and effort that went into this, and they do use their discretion because as they mentioned earlier today, they have not proposed increases in the last few years. Again, this is just a ceiling. It is not a guarantee that these guys will get this amount. Again, I know a lot of you have been saying that it needs to be based on job performance and it will be based on job performance. That is what the Salary Commission and HR have said. All we are doing is setting a ceiling. Job

performance is what is going to determine whether they get an increase or not. Also, the Administration is responsible for the budget. They are responsible for balancing the budget. If they are going to give an increase, they are responsible for finding the cut or trying to balance it. It is a hard one. I know it is bad timing. We have a budget coming up and it is difficult to predict how this will affect the budget in its entirety. For me, I do see the importance of having fair salaries and amounts. If you look at the list, we are way below the other Counties and I think I am going to throw it out there and leave it to the Administration to be responsible to do the performances reviews and, base any increases on job performance. If the Administration wants to freeze salaries like they have done in the past again, they can freeze salaries. I am willing to go out on a limb here and agree with JoAnn and not support the motion to reject and when it comes up for budget, we will look at it. Any increases that come in, we will look at the job performances and we will hold their feet to the fire when it comes down to it. I do feel people need to get compensated correctly and that is just where I stand on it.

Councilmember Kagawa: Thank you. For the first time, I get to go last. This is a tough one. The right thing to do is to approve the Resolution. In order to get equity with other Counties, in order to get the salary at a level that there is minimal salary inversion, and to get the salaries where we can attract bright people into government that can help solve our problems. However our main job here on the Council, I believe, is the budget. We have struggled through some very tough budgets the past couple of years and the situation has gotten worse. Our Council did a good job by increasing some things and I think we saved ourselves about eight million dollars (\$8,000,000) in surplus. If you minus the nine point what have you million...in unanticipated salaries through collective bargaining. If you go nine point five minus eight, you got – you are one point five in the hole today. Fortunately, our CAFR (Comprehensive Annual Financial Report) showed that we had a surplus from our prior year budget. Our CPA came before us. We had about fourteen point nine in General Fund surplus. If you take fourteen point nine and minus the one point what have you, we may be about thirteen million dollars in surplus right now – General Fund. Then it is eighteen point nine (18.9) in total, so if you add another four million in other funds besides General. The situation is kind of cloudy as to where we are at because we had other things that came up – settlements and landfill issues that are going to be taken away from the surplus that we have now. The key is, what kind of budget is the Mayor going to be providing that needs to take care of essential things out there in the community and we have no idea, no one has any idea what that budget is going to look like. Are we going to finally have a budget where the expenditures, like Councilmember Hooser said, where the expenditures and revenues are at least equal or worst? Or are we going to continue to have these budgets like the past five (5) years where the expenditures are more than the revenues which is why we got into this predicament. It is very tough to go ahead today and approve a potential of nine hundred thousand dollars (\$900,000) in expenditures and hand that to the Mayor not knowing what he has in his plans for the budget. It is kind of a position where I feel like what is the major objective of this County and if it is to finally get a balanced budget that can deal with this uncertainty right now in the County as far as how we stand fiscally; I think, the right thing to do today is to reject it. If we can show improvement, then the Mayor can submit a budget that finally shows we are controlling the amount we are spending compared to our revenues, I think we can take a look at it, because we got to at some point raise these department heads salaries. We cannot continue to expect to attract bright individuals from outside to come in...right now I think Councilmembers hit it on the nose, there were basically most of the department heads in these positions have returned so there will not be a direct impact right now unless after today a lot of them leave. I do not know whether that is going to happen, but I think right now I just got

to stick to my guns. I said that in an article two (2) months ago and I said it is not...let me read what I said, "If we are broke, we cannot afford to give any raises until we solve our budget woes. I think we need to freeze the raises for now. It is said that the department heads could make more in the private sector, but part of serving in a department head position is giving back to the public and helping the County. I feel like we can still get good public servants out there even if we do not have competitive pay with the private sector. A lot of people do give that up because they want a chance to make the County better." My time is almost up. Lastly, I want to thank the Salary Commission. I think they serve a purpose, to do exactly what they proposed, is to get our county department heads in line with what they should be. Thank you for a great job. With that, Councilmember Hooser.

Councilmember Hooser: A question on process?

Councilmember Kagawa: Go ahead.

Councilmember Hooser: It is my understanding that a motion on the floor is a motion to reject.

Councilmember Kagawa: Yes.

Councilmember Hooser: It is my understanding that it takes five (5) votes to carry a motion to reject. We have not voted yet but according to the statements made by the Council, there are only four (4) votes to support a motion to reject. That means that this issue will be decided by two (2) Councilmembers in the absence of the Chair, is that a correct statement? Is that correct?

Councilmember Kagawa: That is a correct statement but we can have a new motion and we can vote on a new motion after that. I would say, let us just vote on the motion to reject and...

Councilmember Hooser: The subsequent motion would be a motion to receive but if that motion fails, it still moves forward with the raises. So anyway you look at it, if the motion to reject fails, the increases will be approved regardless of the outcome of the motion to receive. That is the point. The two (2) members that are in control of the situation right now, I wanted to make that statement so they would be aware of that prior to actually casting their vote in case somebody wanted to reconsider at this time. Thank you.

Councilmember Kagawa: Councilmember Hooser, you hit it right on the nose. This is a very unusual situation, the first one that I have come up on in the two (2) years and one (1) month that I have been on where a minority of votes can control the destiny of this Resolution. It is what it is.

Councilmember Yukimura: For discussion?

Councilmember Kagawa: Go ahead.

Councilmember Yukimura: It is not just two (2) votes that are controlling this. Each one of us makes a decision and has an impact so it is all of us that are having an impact. I want to say to the people who say, "Well, if you do not want this job, we will find someone else to do the job," I do not think you understand the need for the qualification of a person especially at this high level because the decisions that are made are so far reaching, they really affect the budget. I can detail managerial decisions that have cost this County millions of dollars. It is really important to have

high quality managers and salary makes a difference. For those who say that we have to balance the budget, balancing the budget is not only how little...or how we are going to cut expenses. We all know that because we are lobbying for the TAT (Transient Accommodations Tax). We know that more revenues into the General Fund are also what it takes and in our last Council Meeting, I also produced and proposed a five percent (5%)...excuse me, a half percent (.5%) to three quarter percent (.75%) excise tax that would have generated approximately five million dollars (\$5,000,000) for the General Fund as well as address a very critical issue; land transportation for this County. Some of us have had to be willing to bite the bullet to be able to provide services and it cuts both ways. It is not just about cutting expenditures. It is about raising revenues in a fair way and so that is the big picture. It is not only on the Mayor to provide a balanced budget, the Mayor did propose a balanced budget last time with increases in various fees that this Council disapproved. It is a joint partnership in doing this and that is why I feel that it is my responsibility to approve this.

Councilmember Kagawa:

Councilmember Kualii.

Councilmember Kualii: I do want to say that clearly we have a fiduciary responsibility first and foremost to the budget. As far as the Council goes, the budget and this opportunity here is the few opportunities that we have to instill our input the finances of this County and the fiscal responsibility of this County. To just accept this across the board without the justification, I asked for justification and documentation of what problems we are addressing. Where is the specific documentation that shows us that we have been having problems for the last five to ten (5 – 10) years with hiring qualified individuals that can fulfill the services to the people in these fifty (50) or so positions? We have not seen anything. Anything updated from 2007, the Nash Study, nothing. We have to make decisions based on justification. So nothing on the problems with hiring people to fill these positions because the salaries are too low and nothing on our ability as a County to keep people in their positions. I look at the status changes on some and I can deduce that the Mayor changes, his Director, and things change. The person comes in, they are happy with the salary, and they stay in the position. If there is...because in the past we have addressed the Prosecutor, Fire, and Police and there probably was written documentation / justification for making those adjustments and now we are hearing we do not see anything documented, no testimony from any of these appointing Commissions...

Councilmember Kagawa:

Councilmember, your time is up.

Councilmember Kualii: ...nothing from Human Resources but Mayor, Water, and the County Attorney but we can address those things separately.

Councilmember Kagawa:

Sorry, you had the red light.

Councilmember Kualii:

Yes.

Councilmember Kagawa:

Councilmember Kaneshiro.

Councilmember Kaneshiro: I understand how important our two (2) votes are right now and it is real difficult for me being a new member to know, "Can I really hold their feet to their fire later or do we just nip it in the bud now." For me, I know I am probably more on the conservative side and I am probably going to have to change the way I am going to vote. I am going to say, again, I appreciate everything the Commission did and I know these guys need these...it is fair to have the increases

but just the timing is bad right now. It is not to say that if next year if they bring it up, I would probably be in favor of it. But, for me, first year on the budget, first year in County, it is really hard for me to think ahead through the process and say, "I approve it now, but I do not like it once the budget comes." In the short time I was conflicted already, but I will probably change my vote.

Councilmember Kagawa: Perfect timing. Any more discussion? Roll call.

The motion to reject in whole, Salary Commission Resolution No. 2014-1 was then put, and carried by the following vote:

FOR MOTION:	Chock, Hooser, Kagawa, Kaneshiro,	
	Kuali'i	TOTAL - 5,
AGAINST MOTION:	Yukimura	TOTAL - 1,
EXCUSED & NOT VOTING:	None	TOTAL - 0,
RECUSED & NOT VOTING:	Rapoza	TOTAL - 1.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:29 a.m.

Respectfully submitted,



RICKY WATANABE
County Clerk

:dmc